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FIRST REGIONAL COOPERATION FRAMEWORK FOR EUROPE AND THE COMMONWEALTH OF INDEPENDENT STATES (1997-1999)

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INTRODUCTION

1. In most countries of the region, the last three years have witnessed an unrelenting deterioration of socio-economic conditions, which, if left unchecked, would seriously undermine the transition process. This situation has stimulated the search for areas where increased regional cooperation would support national economic development and also address increasingly urgent problems of social cohesion, increasing poverty and growing inequalities. UNDP, despite resource constraints, responded to requests for assistance and established offices and programmes in all of the countries of the Commonwealth of Independent States, in the Baltic States and in most Central and Eastern European countries.

2. Four innovations mark the first regional cooperation framework (RCF) for Europe and the Commonwealth of Independent States:

(a) Regional activities will seek an enabling national environment by supporting national projects, which, in turn, will guarantee an absorption capacity for regional inputs at the national level;

(b) Networking will become an enforcing mechanism, combining national, project-level thematic activities, with the enhancement and advocacy thrust of regional thematic projects. Thus, the sum of these activities will become a powerful vehicle by which to advance a theme-focused development dialogue;

(c) National institutions will be supported by a synergistic mix of national and regional projects. Thus, support for capacity-building will be provided at two levels, allowing for an execution approach that will rely heavily on national institutions, in partnership with United Nations agencies;

(d) The regional programme will assume a support role for national programmes, most powerfully illustrated by the provision of complementary funds for the annual preparation by each country of its national human development report.

3. Government assessments in national human development reports and experience in regional and national programmes to date all contributed to the preparation of the first RCF for Europe and the Commonwealth of Independent States, which covers the period 1997-1999. The present framework was reviewed in draft form at a regional consultation meeting in Bratislava, Slovakia, in June 1996, and takes into account the comments made at that meeting, including those from representatives of the Governments of the region, United Nations agencies and the Economic Commission for Europe (ECE). At the end of September 1996, the strategy and themes for the RCF were subject to further scrutiny in a meeting hosted by the Regional Bureau for Europe and the Commonwealth of Independent States (RBEC), where RBEC and other UNDP headquarters units gathered to sharpen the focus of the programme.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

4. The profound political, economic and social transformation occurring throughout the region as countries move from one-party rule to pluralist

democracies and from centrally-planned, command-based economies to market-driven economies has led Governments of the region to realize that closer cooperation in key areas is vital for their future. This is especially significant, as most States in the region have undertaken far-reaching internal reforms, while simultaneously grappling with the complex task of building new nation-states. However, declining gross national products, increasing poverty, and growing income inequalities have seriously undermined the reform process and have led to increasing social tensions. The transition process is proceeding, but more slowly and with much greater social and economic hardship than was initially expected.

5. Sustainable human development (SHD) policies that have an impact across society are becoming increasingly central in defining strategies that will ensure a stable environment for the reform process. It is thus heartening to note that the countries of the region have seriously embraced the preparation of national human development reports, highlighting the linkages between issues in poverty eradication, sustainable livelihoods, gender, the environment and governance.

II. RESULTS AND LESSONS OF PAST COOPERATION

6. The third regional programme for Europe (DP/REU/3 and Corr.1), which was noted by the Governing Council in May 1992, was designed for a region covering Central and Eastern European countries only, and focused on the following areas: (a) private sector development; (b) environment and energy; and (c) transport and communications.

7. With the incorporation into the programme of fifteen newly-independent countries and the accompanying opening of country offices subsequent to the approval of the programme, in 1994 the then-named Regional Directorate for Europe and the Commonwealth of Independent States (RDEC) saw the need to carefully review the originally selected regional programme initiatives, in terms of their relevance to the region's transition priorities, linkages to national programmes, and potential for resource mobilization. As a result, several of the originally approved projects were either discontinued or not extended beyond their initial phases of 1 to 2 years. For example, in the area of privatization, it was determined that the international financial institutions had a greater comparative advantage and that RDEC should focus instead on small- and medium-scale enterprises, replicating the successful experience of a national project in Romania.

8. Also in 1994, as a pilot experience, in most of the programme countries, RDEC decided to launch the preparation of national human development reports, with the two-fold aim of promoting debate on the social impact of the transition at the country and regional levels, as well as using the reports as a tool for determining key development priorities and programmes that could be supported by UNDP.

9. Thematic areas selected by RDEC for support at the regional level were the following: (a) poverty eradication; (b) gender in development; (c) governance; (d) sustainable livelihoods; and (e) the environment. The various projects approved in these areas have been in full operation for only two years, as

start-up was slow, owing to limited funds, and resource mobilization could only be undertaken once activities had proven to clearly respond to the regions's needs. Taking into account these factors, in the earlier part of 1996, the management of RBEC concluded that since the implementation period of the reoriented third regional programme had been so short, it would be premature to undertake a full-fledged evaluation of the programme in 1996. However, through the review mechanisms established within the various regional projects, RBEC has been able to elicit the views of Governments and other development partners on the relevance of the thematic areas selected for support under the first RCF. These views will be subjected to further validation in the process of design, formulation, and reformulation of the documentation for the projects in each of the thematic areas.

III. PROPOSED STRATEGY AND THEMATIC AREAS

10. The five thematic areas of the reoriented third regional programme - poverty eradication, gender in development, governance, sustainable livelihoods, and the environment - will remain as the areas of focus of the first RCF. These thematic areas have developed out of windows of opportunity where UNDP is perceived to have a comparative advantage. While the strategy for each theme differs somewhat, there are some common elements, the main ones being: advocacy of key SHD themes, substantive policy and programmatic support to national programmes, and visible impact.

11. The five thematic areas constitute components of an integrated SHD strategy that aims at creating equitable, open societies. This implies recognition of the rights of diverse groups and individuals to benefit from economic, social, and political progress, including specific initiatives on human rights and the setting up of ombudsman institutions. There are difficult trade-offs in this process, and the aim of the overall regional programme is to assist countries in making choices under severe constraints. Each of the themes concentrates not only on specific elements of the SHD spectrum, but also on linking interventions which are mutually reinforcing. For example, a well-designed, small- and medium-scale enterprise project can help to reduce poverty, while simultaneously creating better opportunities for female entrepreneurs. Where feasible, linkages will also be established with specific global programmes and funds (e.g., the Global Environment Facility (GEF), Capacity 21).

12. It is envisaged that RCF funds for regional projects will serve to support and complement funds for national activities approved under 1997-1999 country cooperation frameworks (CCFs). In this manner, it is expected that there will be not only substantive integration of RCF and CCF activities, but also a guaranteed absorption capacity at the national level for regional thematic support activities, along with increased sustainability, since financial resources for national institutions are more likely to be forthcoming than for regional institutions.

13. Over and above the thematic areas discussed below, the first RCF will allow for funding in support of special programmes. The UNDP satellite communications network in the region will be expanded, including access to the Internet and the World Wide Web. Technical cooperation among developing countries activities will be continued, building on the successful exchanges organized between

countries in the Latin American region and the RBEC region, in the areas of management of development cooperation and resource mobilization. An umbrella-type project, tentatively named "Agora", from the Greek for "meeting place", will be established, to permit RBEC to respond in a timely manner to the aforementioned and other urgent priorities in the region. Initiatives at the subregional level or among riparian countries will be supported, particularly in the area of environment, such as the Aral Sea, Black Sea and Danube River Basin projects, as well as in the area of transport, such as the new "Silk Road" project currently being formulated, where cooperation with countries in the Asia region will be enhanced. Support will also be provided for the preventive diplomacy initiative in Central Asia (Fergana Valley) and national efforts towards accession to regional groupings such as the European Union, and the Organisation for Economic Cooperation and Development (OECD).

A. Poverty eradication

14. The region has had a sound record of reducing poverty, since economic growth and a reasonably equitable distribution of income in the former Soviet Union ensured adequate living standards. Since the former system provided for basic needs, poverty was largely confined to those who were outside the established framework of employment and benefits. However, along with its potential benefits, the transition has brought increasing poverty and drastically reduced social services, including the virtual collapse of public health expenditure. Therefore, the overriding aim of a poverty programme should be to help countries to achieve at least their earlier levels of SHD and to strengthen mechanisms for safeguarding individual rights.

15. Since late 1994, RBEC has supported the preparation of national human development reports throughout the region, to help to evaluate the cost of the transition in human terms and to refocus the attention of national and international policy makers on its adverse impact. These reports have enabled UNDP to start national dialogues on how best to deal with growing poverty and inequalities, thus strengthening partnerships among Government and civil society. The 1996 global human development report focus on the extent of poverty and its causes will assist UNDP country offices in their follow-up of the World Summit for Social Development.

16. At the national level, RBEC is assisting in the process of preparing programmes to address poverty through the Poverty Strategies Initiative. This and other efforts will be geared towards providing guidance to UNDP country offices on how to better integrate poverty alleviation strategies into development strategies.

17. UNDP will provide assistance in three areas: the system of social transfers, including safety net mechanisms, within which gender issues will be fully integrated; the education and health sectors; and the design and implementation of policies which strengthen institutions that implement poverty-related policies. Strategies will comprise: (a) support for regional teams to help build sustainable regional capacity for policy reforms and lead in the sharing of knowledge and experience; (b) support for institutions involved in managing and implementing policy reforms; and (c) development of a nucleus of social scientists and policy makers who could be exposed to social policy and transfer mechanisms in market economies.

B. Gender in development

18. Regional trends reveal that the transition has caused particular difficulties for women, including the loss of jobs; reduced support from the social infrastructure, particularly health services; increasing violence; declining political representation; growing wage gaps, particularly in the private sector; and unequal treatment in hiring, promotion and training. Moreover, in the planning of national strategies to achieve sustainable development, the issue of gender continues to be perceived as marginal.

19. Initial support from RBEC focused on the establishment of gender-in-development units in Governments, UNDP country offices and non-governmental organizations (NGOs), as a means by which to strengthen national capacities to address gender issues. More recent efforts are geared towards drawing the attention of policy makers to the increasing feminization of poverty. The 18 gender-in-development units now in operation serve as tangible gender advocacy presences in the region, as well as strong anchors for the outreach of gender initiatives and the building of national capacities on gender issues.

20. The Beijing Express Initiative, organized by RBEC, provided over 200 female delegates from the region with the means to attend the Fourth World Conference on Women, held in Beijing, China, in September 1995, and to create a regional network of women from Governments, the United Nations system and NGOs, to follow up the national implementation of the Platform for Action adopted at the Conference.

21. The integration of gender issues into project formulation is being emphasized in all RBEC regional programmes. SHD training courses on the means by which to integrate gender into all SHD activities are underway. The Beijing Platform for Action affirmed that peace is a prerequisite for attaining equality between women and men, and a peace negotiation workshop is planned for 1997, to address women's capacity for preventive diplomacy and conflict management.

C. Governance

22. Under this thematic area, support will be provided in the areas of advocacy and capacity-building, through the following two ongoing projects: the democracy, governance and participation project (RER/94/001), which has undergone a refocusing exercise; and the external resources management project (RER/93/025).

Democracy, governance and participation

23. In 1994, RBEC and the Governments and UNDP country offices in the region established a framework designed to strengthen and consolidate institutional reforms in the areas of democracy, governance and participation (DGP). Within this framework, support has focused on reforms through such activities as human rights protection, building on successful experiences in Latvia and the Republic of Moldova, among others, and establishing ombudsmen institutions; the development of mass media and information systems; the modernization of judicial administrations; support for national audit institutions and better financial management; civil service reform; and much needed improvements in legislative

processes. The role of civil society has received particular attention, including support for the growth of advocacy groups, NGOs, and other non-state actors.

24. A DGP task force was established in 1995 and a comprehensive report covering all DGP activities in the region was prepared, which will be expanded once the DGP programme takes over from OECD the gathering of data on DGP activities and makes that data available on a decentralized user-friendly basis. In 1996, the second DGP task force meeting focused on information-sharing and criteria for the evaluation of DGP activities, to provide guidance on the future role and direction of the DGP project.

25. The DGP project will: (a) focus on areas complementing UNDP-supported national programmes; (b) provide information on DGP activities in the region to promote the sharing of experiences; and (c) serve as both a strategic coordinator and DGP project initiator/supporter in the region, through the provision of advisory services, as well as the organization of regional and subregional meetings.

External resources management

26. Among the factors responsible for the difficulties being encountered in the transition, several relate to external resource transfers, which have been slower, less substantial and less effective than initially expected.

27. The strategy of the regional external resources management project is to deliver a broadly consistent and cost-effective package of training services to the region, adapted to the particular needs of each country and to the variety of skill levels which exist. It will therefore continue to place special emphasis on such programme initiatives as: (a) support for national aid coordination agencies, now being implemented in 12 countries; (b) the use of Consultative Groups to raise awareness and funding commitments of donors; and (c) support and guidance for country offices, so that they may serve as effective focal points for local donor coordination.

28. The programme emphasis on capacity-building includes strengthening the information systems for aid monitoring and financial management. A database for recording and analysing flows of external resources will be made available to countries in the region, as a result of modifications to the UNDP Development Cooperation Analysis System.

D. Sustainable livelihoods

29. Small- and medium-scale enterprises are viewed as a means to generate sustainable development and employment, particularly for the workforce that has been laid off as a result of privatization and restructuring programmes. RBEC has successfully mobilized funds for small- and medium-scale enterprise development, thanks to the positive achievements of a national UNDP/United Nations Industrial Development Organization-assisted small- and medium-scale enterprise project in Romania.

30. Specifically, the programme will assist at least 11 countries over the next 3 to 5 years to achieve: (a) the establishment of proper enabling environments

for the development of small- and medium-scale enterprises; (b) the creation of a minimum of one economically viable support centre for small- and medium-scale enterprise promotion in each country; (c) the training of 40 counsellors per year; and (d) the provision of support for 100 to 300 companies each year by each small- and medium-scale enterprise support centre. Employment generated through job creation will assist the broader objectives of poverty eradication, gender equality and social cohesion, with links to national activities, such as with the DGP project, in the area of establishing an enabling environment, and with training programmes, in collaboration with gender-in-development units, to ensure improved access for female participants in small- and medium-scale enterprises.

E. Environment

31. In most of the region, fifty years of unregulated exploitation of natural resources, together with the use that has been made of lakes, rivers and waterways for irrigation, transportation, and the dumping of industrial effluent and urban sewage, has led to severe ecological and environmental degradation. At the request of the Governments of the region, and with the help of the international community, steps are now being taken to arrest further degradation of the environment. These efforts, while important, need to be matched by greater efforts on the part of the countries themselves, with the international community helping to provide direction and technical support.

32. Given the magnitude of the ecological and environmental degradation throughout the region and the limited resources available from the regional programme, all regional environmental activities will focus on the development and/or strengthening of viable and sustainable structures, through which funding at the national and regional levels will be carefully integrated with that available from GEF and other sources.

33. Over the past three years, mainly with GEF funding, UNDP has been able to focus attention on establishing a means to coordinate inputs directed towards cleaning up major waterways in the region and addressing problems of the larger lakes or inland seas, i.e., the Black Sea, the Danube River Basin, and the Aral Sea. As part of its efforts to build national and regional capacities, UNDP regional efforts have been directed towards establishing and/or strengthening secretariats for the harmonization and integration of donor inputs.

34. Areas under consideration for future regional environmental activities include energy efficiency, air and water pollution, and capacity-building to strengthen national institutions to enable them to play a pivotal role in preparing legislation, establishing regulatory bodies, and monitoring the environment.

35. The special problems of remote rural areas will be addressed as part of the RBEC focus on poverty alleviation. Project planning will take into account the influence of NGOs on environmental concerns and their potential participation in project activities. Regional training programmes to help communities to plan and implement sound environmental policies and strategies will also be considered.

IV. MANAGEMENT ARRANGEMENTS

A. Execution and implementation

36. It is envisaged that institutions in the region will bear primary responsibility for programme execution and implementation, with support from United Nations agencies. Should national institutions designated to execute and/or implement regional projects or programmes be located in programme countries where UNDP country offices are present, the resident representatives in those countries will serve as coordinators of the network to be developed (within and outside the RBEC region) for that specific theme or programme intervention.

37. In addition to consultants from within the region, maximum use will also be made of specialists from the region who are currently employed by institutions physically located outside of it. From among these institutions and individuals, multidisciplinary panels of specialists will be established for substantive policy and operational support in the implementation of all thematic areas under the first RCF. In this manner, regional ownership and sustainability will be enhanced.

38. Whenever regional projects are based in programme countries with an accredited resident representative, she/he will serve as the principal project resident representative. Most importantly, the regional programme thematic activities will help to coordinate and support the national projects in the same thematic area.

B. Monitoring, review and reporting

39. Workshops involving participants from all partners in the development process will be a prominent feature of regional cooperation. Their published reports will provide a ready vehicle for assessment of progress towards meeting the objectives in each thematic area, and will be used in conjunction with project performance evaluation reports as the documentation for tripartite review meetings, to be held once a year. Coordinators of programmes/projects in related themes will be invited to tripartite review meetings, to enhance the sharing of information and to ensure that the achievements attained in a specific thematic area have secondary benefits to related thematic areas, in a mutually reinforcing manner. Hence networking will be actively promoted and supported within themes and across thematic areas, as well as with similar networks in other regions.

40. Targets and performance indicators will be included in each thematic area during the design stage, as a basis for conducting a mid-term review of the first RCF, as well as a full-fledged evaluation during the last year of the framework period.

C. Resource mobilization

41. In the implementation of the first RCF, the vital importance of resource mobilization will be stressed, in view of the limited UNDP core resources available (see annex). Additionally, the use of non-core resources will be maximized. The allocation of resources to the thematic areas will be based on perceived needs and interest, resource mobilization potential, and expected impact. A resource mobilization strategy will be built into each thematic regional programme.

42. In addition, the experience of RBEC in resource mobilization over the past three years has led to the identification of specific areas where collaboration with international financial institutions can be mutually beneficial and, of overriding importance, to the advantage of the organization's national partners.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR EUROPE AND THE COMMONWEALTH OF INDEPENDENT STATES (1997-1999)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	(350)	
Line 1.2	20 172	
SPPD/STS	1 072	
Subtotal	20 894	
NON-CORE FUNDS		
Government cost-sharing	-	
Sustainable development funds Capacity 21	800	Funds from GEF to be determined.
Third-party cost-sharing	10 000	
Funds, trust funds and other	-	
Subtotal	10 800	
GRAND TOTAL	31 694	

Abbreviations: GEF = Global Environment Facility; IPF = indicative planning figure; SPPD = support for policy and programme development; and STS = support for technical services.